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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS**DOCKETED**

ROBERT "BOB" BURNS - Chairman
 BOYD DUNN
 SANDRA D. KENNEDY
 JUSTIN OLSON
 LEA MÁRQUEZ PETERSON

JUN 30 2020

DOCKETED BY

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In the matter of:

DOCKET NO. S-21090A-19-0326

Maximo Natural Products, Inc., an Arizona Corporation,

**ORDER TO CEASE AND DESIST, ORDER
 FOR RESTITUTION, ORDER FOR
 ADMINISTRATIVE PENALTIES AND
 CONSENT TO SAME**

Ismael Villalobos a/k/a Ismael Villalobos
 Garcia, and Blanca Villalobos, husband and
 wife,

BY: ALL RESPONDENTS

Respondents.

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Respondents Maximo Natural Products, Inc. ("Maximo"), Ismael Villalobos ("Villalobos") (Maximo and Villalobos collectively referred to as "Respondents"), and Blanca Villalobos ("Respondent Spouse") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same ("Order"). Respondents and Respondent Spouse admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.**FINDINGS OF FACT****Respondents**

1. At all times relevant, Ismael Villalobos ("Villalobos") was a resident of Arizona and was not registered with the Commission as a securities salesman or dealer.

11. Respondents did not restrict the sale of stock to accredited or sophisticated investors, and they did not require that investors verify their annual income or net worth before purchasing the Class A2010 stock.

12. Although Respondents restricted resale of the Class A2010 stock until a specified future date identified in the purchase agreements, investors were free to sell their Class A2010 shares to anyone after that date.

13. Maximo has never paid dividends or returns to the investors who purchased the Class A2010 stock.

14. Respondents have repurchased approximately 22,982 shares of Class A2010 stock from eight (8) investors who have demanded refunds of their investment. Respondents paid the eight (8) investors a combined total of \$37,195, equal to the purchase price paid by the investors.

15. Villalobos and Maximo have never registered with the Commission as securities salesmen or dealers, and the Class A2010 stock offered and sold by Villalobos and Maximo was never registered with the Commission.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondents' conduct are grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

6. Respondents' conduct are grounds for an order of restitution pursuant to A.R.S. § 44-2032.

7. Respondents' conduct are grounds for administrative penalties under A.R.S. § 44-2036.

8. Respondent Villalobos acted for his own benefit and on behalf of and for the benefit of his and Respondent Spouse's marital community and, this order of restitution and administrative penalties is a debt of the community.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and any of Respondents agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Villalobos, as his sole and separate obligation, and Respondents Villalobos and Respondent Spouse, as a community obligation, shall pay restitution to the commission in the principal amount of \$353,751 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission.

IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will accrue interest, as of the date of the Order, at the rate of the lesser of (i) four and one half percent (4.5%) per annum or (ii) at a rate per annum that is equal to one percent plus the prime rate as

1 published by the board of governors of the federal reserve system in statistical release H. 15 or any
2 publication that may supersede it on the date that the judgment is entered.

3 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records
4 of the Commission. Any restitution funds that the Commission cannot disburse because an investor
5 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor
6 because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors
7 shown on the records of the Commission. Any funds that the Commission determines it is unable to
8 or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Villalobos, as
10 his sole and separate obligation, and Respondents Villalobos and Respondent Spouse, as a
11 community obligation, jointly and severally shall, jointly and severally with Respondent Maximo,
12 pay an administrative penalty in the amount of \$25,000 as a result of the conduct set forth in the
13 Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment
14 shall be made to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of
15 the lesser of (i) four and one half percent (4.5%) per annum or (ii) at a rate per annum that is equal
16 to one percent plus the prime rate as published by the board of governors of the federal reserve system
17 in statistical release H. 15 or any publication that may supersede it on the date that the judgment is
18 entered.

19 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
20 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
21 shall be applied to the penalty obligation.

22 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the
23 Commission may bring further legal proceedings against Respondents, including application to the
24 superior court for an order of contempt.

25 ...

26 ...

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

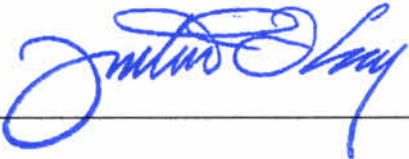
 

CHAIRMAN BURNS

COMMISSIONER DUNN



COMMISSIONER KENNEDY



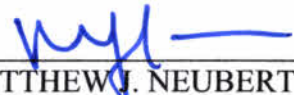
COMMISSIONER OLSON



COMMISSIONER MÁRQUEZ PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 30 day of June, 2020.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator,
voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(MWA)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents and Respondent Spouse admit the jurisdiction of the Commission over
3 the subject matter of this proceeding. Respondents and Respondent Spouse acknowledge that they
4 have been fully advised of their right to a hearing to present evidence and call witnesses and
5 Respondents knowingly and voluntarily waive any and all rights to a hearing before the Commission
6 and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the
7 Arizona Administrative Code. Respondents and Respondent Spouse acknowledge that this Order
8 constitutes a valid final order of the Commission.

9 2. Respondents and Respondent Spouse knowingly and voluntarily waive any right
10 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
11 extraordinary relief resulting from the entry of this Order.

12 3. Respondents and Respondent Spouse acknowledge and agree that this Order is entered
13 into freely and voluntarily and that no promise was made or coercion used to induce such entry.

14 4. Respondents and Respondent Spouse have been represented by an attorney in this
15 matter, Respondents and Respondent Spouse have reviewed this order with their attorney, Marcos
16 Garciaacosta of Marcos E. Garciaacosta Law Group PLLC, and understand all terms it contains.
17 Respondents and Respondent Spouse acknowledge that their attorney has apprised them of their
18 rights regarding any conflicts of interest arising from dual representation. Respondents and
19 Respondent Spouse acknowledge that they have each given their informed consent to such
20 representation.

21 5. Respondents admit the Findings of Fact and Conclusions of Law contained in this
22 Order. Respondents agree that Respondents shall not contest the validity of the Findings of Fact and
23 Conclusions of Law contained in this Order in any present or future proceeding in which the
24 Commission is a party.

25 6. Respondents further agree that they shall not deny or contest the Findings of Fact and
26 Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or

1 (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)").
2 They further agree that in any such proceedings, the Findings of Fact and Conclusions of Law
3 contained in this Order may be taken as true and correct and that this Order shall collaterally estop
4 them from re-litigating with the Commission or any other state agency, in any forum, the accuracy
5 of the Findings of Fact and Conclusions of Law contained in this Order. In the event Respondent
6 Villalobos or Respondent Spouse pursues bankruptcy protection in the future, they further agree that
7 in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances
8 exist:

9 A. The obligations incurred as a result of this Order are a result of the conduct set forth
10 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
11 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

12 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
13 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
14 Respondent Villalobos and Respondent Spouse pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court
15 order for damages, fine, penalty, citation, restitution payment, disgorgement payment, attorney fee,
16 cost or other payment owed by Respondents and Respondent Spouse pursuant to 11 U.S.C. §
17 523(a)(19)(B)(iii).

18 7. By consenting to the entry of this Order, Respondents agree not to take any action or
19 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
20 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
21 basis.

22 8. While this Order settles this administrative matter between Respondents and the
23 Commission, Respondents understand that this Order does not preclude the Commission from
24 instituting other administrative or civil proceedings based on violations that are not addressed by this
25 Order.
26

1 9. Respondents understand that this Order does not preclude the Commission from
2 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
3 that may be related to the matters addressed by this Order.

4 10. Respondents understand that this Order does not preclude any other agency or officer
5 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
6 proceedings that may be related to matters addressed by this Order.

7 11. Respondents agree that they will not apply to the state of Arizona for registration as a
8 securities dealer or salesman or for licensure as an investment adviser or investment adviser
9 representative until such time as all restitution and penalties under this Order are paid in full.

10 12. Respondents agree that they will not exercise any control over any entity that offers
11 or sells securities or provides investment advisory services within or from Arizona until such time as
12 all restitution and penalties under this Order are paid in full.

13 13. Respondent Villalobos and Respondent Spouse Blanca Villalobos acknowledge that
14 any restitution or penalties imposed by this Order are community obligations.

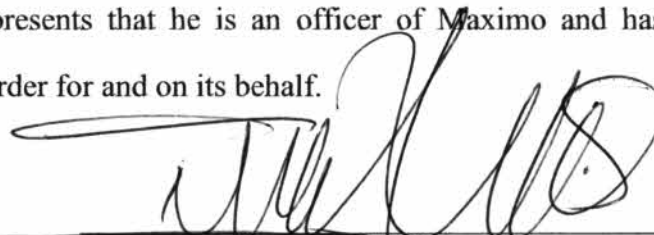
15 14. Respondents consent to the entry of this Order and agree to be fully bound by its terms
16 and conditions.

17 15. Respondents acknowledge and understand that if they fail to comply with the
18 provisions of the order and this consent, the Commission may bring further legal proceedings against
19 them, including application to the superior court for an order of contempt.

20 16. Respondents understand that default shall render them liable to the Commission for
21 its costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

22 17. Respondents agree and understand that if they fail to make any payment as required
23 in the Order, any outstanding balance shall be in default and shall be immediately due and payable
24 without notice or demand. Respondents agree and understand that acceptance of any partial or late
25 payment by the Commission is not a waiver of default by the Commission.

18. Respondent Villalobos represents that he is an officer of Maximo and has been authorized by Maximo to enter into this Order for and on its behalf.



Ismael Villalobos, Respondent



Blanca Villalobos, Respondent Spouse

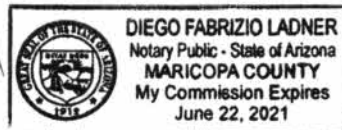
STATE OF ARIZONA)
County of Maricopa) ss

SUBSCRIBED AND SWORN TO BEFORE me this 21st day of May, 2020

NOTARY PUBLIC

My commission expires:

06/22/2021



~~Maximo Natural Products, Inc.~~



By Ismael Villalobos

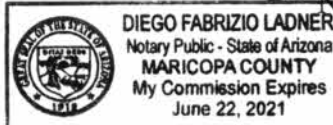
Its C.E.O

STATE OF ARIZONA)
County of Maricopa) ss

SUBSCRIBED AND SWORN TO BEFORE me this 21st day of May, 2020

NOTARY PUBLIC

My commission expires: 06/22/2021



SERVICE LIST FOR: In re MAXIMO NATURAL PRODUCTS, INC., *et al.* S-21090A-19-0326

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Attorney for Respondents Maximo Natural Products, Inc., Ismael Villalobos, and Blanca Villalobos.